
SOUTHERN SUDAN

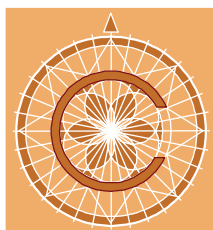


Agricultural Enterprise Finance Program (AEFP)

EIGHTH QUARTERLY REPORT

| July 1, 2004 – September 30, 2004

Submitted by:



CHEMONICS INTERNATIONAL INC.

October 2004

Under Contract No. 623-C-00-02-00087-00

USAID/REDSO/ECA

Nairobi, Kenya

EXECUTIVE SUMMARY

In September 2002, Chemonics International was awarded the Southern Sudan AEFP contract, a 5-year effort to establish a self-sustaining micro-finance institution (MFI) in Southern Sudan and provide access to working capital for micro-entrepreneurs. AEFP is a key part of the \$22.5 million Southern Sudan Agricultural Revitalization Program (SSARP), which is managed by the USAID Regional Economic Development Services Office for East and Southern Africa (REDSO/ESA), in close consultation with agriculture advisors based in USAID/Washington.

Key AEFP accomplishments and activities during this reporting period:

- Identify and finalize purchase of a plot for the 4th SUMI office in Rumbek.
- Market the salary loan product to eligible NGO clients in Maridi and Yambio branches.
- Begin extending group loans in Maridi and Yambio.
- Begin construction of the Maridi office.
- Send Edward Lokule, SUMI managing director, to the microfinance training workshop at Naropa University in Boulder, Colorado, USA.
- Coordinate Bank of South Sudan staff attachment to the Bank of Uganda
- Submit the draft year three work plan to the TTF for approval.

For the Ninth quarter, October 1 – December 31, 2004, the major AEFP activities will be to:

- Finalize SUMI Constitution with Expanded Board
- Complete office construction in Maridi
- Begin construction of the Rumbek Office
- Extend salary loans in Maridi and Yambio
- Hire staff for Rumbek branch
- Train staff for Rumbek branch
- Conduct Stakeholders workshop on microfinance
- Develop an individual loan product
- Finalize attachment of Bank of South Sudan staff to Bank of Uganda

1. Contractor's Report

A. Background

The Agricultural Enterprise Finance Program (AEFP) is a key part of the 5-year \$22.5 million Southern Sudan Agricultural Revitalization Program (SSARP), which is managed by the USAID Regional Economic Development Services Office for East and Southern Africa (REDSO/ESA), in close consultation with agriculture advisors based in USAID/Washington. The other SSARP components include the establishment of six agricultural training centers and a data collection and analysis center. These other activities are implemented by the Catholic Relief Services (CRS) Consortium – comprised of CRS, Winrock International, Vetrinarians sans Frontiers-Belgium (VSF-Belgium), and SUPRAID (a Sudanese NGO) – through a competitively-awarded cooperative agreement. Additionally, a Participating Agency Service Agreement (PASA) with USDA provides supplemental technical support and other resources to the SSARP through a pilot activity fund. This document serves as AEFP's *Eighth Quarterly Performance Report*, covering the period April 1, 2004 through June 30, 2004. It also describes work planned for the coming quarter.

The Agricultural Enterprise Finance Program (AEFP) is in the process of establishing a viable, self-sustaining financial services organization in Southern Sudan in order to provide access to working capital for micro-entrepreneurs. The activity directly supports aspects of REDSO/ESA's 3-year interim strategy for Sudan under Strategic Objective number 8 (SO8), "Foundation Established for Economic Recovery." It specifically supports Intermediate Result 8.2 and 8.3, "Market Support Institutions Created and Strengthened" and "Market Support Programs and Services Introduced and Expanded." SO8 is one of the four objectives which comprise USAID's Sudan Integrated Strategic Plan, 2003-2005.

Established in June 2003 and opened for business in September of the same year, the Sudan Microfinance Institution (SUMI) is designed to foster expanded economic opportunity among Southern Sudanese and constitute an added incentive for Internally Displaced People (IDPs) and refugees to return to their homes through the provision of micro financial services. During the first phase (five years) of the MFI's development, a microfinance loan program is being launched, which began with a group-based loan product in Yei, South Sudan. As it matures, the MFI will test various loan products, based on both client demand and repayment experience. A salary loan product was developed and successfully released in Yei in June 2004. Later, through a careful analysis of the willingness and capacity of borrowers to repay, it will be determined whether the MFI should diversify and offer some larger-sized loans to small businesses. Cost-recovering interest and fees are being charged by the MFI in order for it to fully cover operational costs by the end of the fifth year of the project.

A second phase of the AEFP may be exercised, based on the experience of the first five years, with the intent of transforming the MFI into a formal bank, introducing a savings component, supporting further geographic expansion, addressing small business finance needs, and achieving full financial self-sufficiency by covering all financial costs, including the opportunity cost of capital. USAID will determine the disposition of the loan capital fund at the end of Phase I, but anticipates that a successfully operating microfinance institution will be allowed to retain the fund as its loan capital, if AEFP objectives have been achieved and are likely to be sustained in the future.

AEFP is intended to support individual agribusiness entrepreneurs, very broadly defined, in all agriculture sub-sectors, including qualified applicants that have graduated from the training centers to be supported by other components of the Southern Sudan Agriculture Revitalization project. Women will constitute a special target group for micro-lending services. To increase the likelihood of sustainability

through achieving some economy of scale, people in regional population centers will be the main beneficiaries of Phase One.

AEFP Oversight. The Southern Sudan Agricultural Enterprise Finance Program (AEFP) is guided by the SSARP Program Steering Committee. This committee meets biannually and identifies focal areas for program coverage and formulates and concurs with major policies that guide the program. The 10-member Program Steering Committee is comprised of USAID, Natural Resources Management and Utilization Committee (NRMUC), the Development Assistance Technical Team (DATT), and the Southern Sudan Commissioners of Agriculture and Animal Resources, Wildlife and Tourism, Finance, Commerce, Education, Health, and Women and Family Affairs.

Additionally, AEFP receives guidance and support on implementation matters from a Technical Task Force (TTF). The 17-member TTF meets quarterly and is comprised of representatives from the Southern Sudan Departments of Agriculture, Forestry, Fisheries, and Livestock; representatives from the Secretariats of Wildlife and Tourism, Commerce, Finance, and Women and Family Affairs; representatives from the Nuba Mountains and Southern Blue Nile regions; DATT; NRMUC; the Data Center; USAID; and the Chiefs of Party from Chemonics and CRS.

B. Expected Results

Under its 5-year contract as the implementing contractor, Chemonics International has committed to establishing a self-sustaining microfinance institution (MFI) in Southern Sudan that will achieve the following performance measures by the end of Phase One:

- 1 \$3 million in loans by the end of the fifth year;
- 2 100 percent operational sustainability, through complete coverage of operating costs of administration and expendable supplies; and
- 3 At least three loan products available to clients by the end of the fifth year.

To reach these results, Chemonics is also intent on assisting the new Sudanese MFI, SUMI, to meet the following operational and social development parameters:

- 1 50 percent of loans made to women;
- 2 10 percent of loans made to reintegrated internally-displaced persons (IDPs) and returned refugees

While adhering to a strict financial systems model of microfinance services delivery, these social development parameters have been fully incorporated into SUMI's initial mission statement and business plan.

C. Year Two: Current AEFP Activities

During its second year of operation, the Agricultural Enterprise Finance Program (AEFP) has been focusing on continued development of SUMI's institutional and operational systems, physical infrastructure, training, and human resources necessary to expand operations successfully. Running from October 1, 2003 through September 30, 2004, the Year Two AEFP activities are divided into six program sub-components:

- 1 Establishing and developing MFI operations
- 2 Expanding geographic coverage
- 3 Developing loan products
- 4 Training
- 5 Microfinance policy and regulation
- 6 Program management and reporting

Below, each of the AEFP subcomponent activities are summarized, highlighting tasks accomplished in the Eighth Quarter (July 1 – September, 2004), and tasks planned for the Ninth Quarter (October 1 – December 31, 2004) as contained in the third year work plan. The task numbering corresponds to the task numbers for each activity in the annual work plan. The Year Two Work Plan Chart is included for reference in Annex A of this document.

C1. Subcomponent 1: Establish and Develop MFI Operations

Establishing and developing SUMI's operations will be the central task of AEFP year two activities. This will include community outreach in each of the communities where branches are opened, borrower group formation and training, development and institutionalization of the MFI operations systems (including the drafting of an operations manual), and the development of an integrated MIS system for multiple branches. Finally, it will also include capacity development of the MFI Board of Directors.

Subcomponent 1: Tasks completed in the Eighth quarter, July 1 – September 30, 2004:

Task 1.1: Continue community outreach and borrower group formation in Yei. SUMI staff continued community outreach and borrower group formation in Yei, following the client intake projections jointly created by SUMI staff and AEFP trainers during the SUMI staff training in August 2003. Nearly 700 clients in Yei now access group loans through SUMI.

Task 1.3: Board of Directors meeting and capacity development. . The Board of Directors held several meetings during the quarter including one held in August to review and approve the personnel manual plus staff benefits.

Task 1.4: Begin community outreach and borrower group formation in Yambio and Maridi. The Maridi and Yambio branches continued community outreach and borrow group formation. The First loans went out in July and August respectively. As of the end of this quarter Maridi had registered approximately 263clients and Yambio had registered a total of 249clients.

Task 1.5: Work out integrated MIS system for multiple branches. Several trainings have been conducted by the AEFP accountant and microfinance specialist in the QuickBooks accounting software. SUMI is now using the software to manage its finances. USAID has approved additional funding to finance a loan tracking system that integrates lending with finance. AEFP therefore expects to install the MIS during its third year of operation.

Sub-component 1: Tasks to be completed in the ninth quarter, October 1 – December 31, 2004:

Task 1.1: Continue community outreach and borrower group formation in Yei. SUMI staff will continue outreach and borrower group formation in Yei. This activity will continue indefinitely.

Task 1.2 Board of Director Meetings and capacity development. The Board of Directors will hold a

quarterly board meeting to discuss the 2005 annual budgets and approve proposed performance incentives. Ideally, a new Board member from Yambio and/or Maridi will be selected and join the Board.

Task 1.3: Continue community outreach and borrower group formation in Maridi and Yambio. The AEFP Team will continue to assist the Maridi and Yambio branch offices to extend the group loan product. This activity will continue indefinitely.

Task 1.4: Work out integrated MIS system for multiple branches. The AEFP team has identified a banking MIS application. The installation of the system has been moved to the beginning of tenth quarter.

C2. Subcomponent 2: Expand MFI Geographical Coverage

During year three of the program, the AEFP team will assist the SUMI staff and Board of Directors to expand operations to the fourth community, Rumbek. Actual lending in this fourth community will be started in year three of AEFP.

Subcomponent 2: Tasks completed in the Eighth quarter, July – September 30, 2004:

Task 2.3: Complete construction of the Yambio and Maridi. Construction of the Yambio office was completed during the quarter and will be occupied during the ninth quarter. Construction of the Maridi office is scheduled for completion during the ninth quarter.

Task 2.4: Identify office space for 4th MFI office. An office space for the 4th office has been identified and a construction agreement entered between Bros and company and Chemonics International Inc.

C3. Subcomponent 3: Develop Loan Products

Using the information gathered in the micro enterprise market survey, at least two pilot loan products will be developed in year two of the AEFP. The first two loan products will be a group-based loan product already being offered and a salary loan product available to employees of NGOs and other institutions in the communities where SUMI branches are opened. Over time, an individual loan product, aimed at larger micro enterprises with greater capital needs, will be introduced if possible.

Subcomponent 3: Tasks completed in the Eighth quarter, July 1 – September 30, 2004:

Task 3.1: Task 3.4: Pilot test and extend employer-guaranteed loan product in Yei. Beginning in May 2004, the Yei branch began offering the salary loan product with the first disbursements released in June. Over 200 new clients registered with SUMI to access the salary loan product in Yei. An additional loan officer was hired and trained to take on the salary loan portfolio.

Task 3.2: Extend group loans in Maridi and Yambio. SUMI staff will continue outreach and borrower group formation in Maridi and Yambio. This activity will continue indefinitely.

Task 3.4: Pilot test and extend employer-guaranteed loan product in Yei. Expansion of the salary loan product continues in Yei branch. Expansion is limited to the NGOs operating in Yei town.

Task 3.5: Extend employer-guaranteed loan product in Yambio and Maridi branches. Beginning in

September 2004, the AEFPP team will begin assisting the MFI staff to extend the employer-guaranteed loan product out of the branch offices in Maridi and Yambio. This will begin with soliciting interest from those institutions employing salaried employees on the ground in each location. Because the salary loans can only be offered to Sudanese employees within the length of their existing contracts, it may not be possible to extend salary loans in Maridi and Yambio until January 2005, the beginning of most employees' one-year employment contracts.

Task 3.6: Research and develop potential individual loan product. Over time, an individual loan product aimed at larger micro enterprises will be developed and introduced. The development process will include a careful analysis of the legal framework that will be used to enforce loan repayment and collateral collection. If it appears the risk of an individual loan is too high, the feasibility of a group-based product for larger enterprises will be explored. The SUMI managing Director initiated the product development process by assessing the types of securities available in the market and the legal instruments/process for enforcing transfer of ownership.

Subcomponent 3: Tasks to be completed in the ninth quarter, October 1 – December 31 2004:

Task 3.2: Extend group loans in Maridi and Yambio. Loan disbursement in the two branches started in August 2004. Group formation and loan disbursement is a continuous process.

Task 3.4: Pilot test and extend employer-guaranteed loan product in Yei. As new NGO clients' sign up for the salary loan product, the Yei branch will continue to expand its salary loan portfolio. The salary loan portfolio reduces as the end year draws to a close, because it is tied to employees' contracts which in most cases run from January to December. The portfolio is at its highest in February when new contracts have been issued.

Task 3.5: Extend employer-guaranteed loan product in Yambio and Maridi branches. The AEFPP team will assist the MFI staff to extend the salary -guaranteed loan product to the branch offices in Maridi and Yambio. This will begin with making presentations to those institutions whose employees have expressed an interest. The institutions will then sign a memorandum of understanding with SUMI.. Because the salary loans can only be offered to Sudanese employees within the length of their existing contracts, it may not be possible to extend salary loans in Maridi and Yambio until January 2005, the beginning of most employees' one-year employment contracts.

Task 3.6: Research and develop potential individual loan product. Because of the work load involved in setting up the two new branches, this activity will be delayed until next year. This decision was also taken because the Yei branch looks like it will reach operational self-sustainability without the need for the third loan product. Therefore, it is more prudent to ensure good start up of the other branches, while taking more time to research and develop the riskier individual loan product.

C4. Subcomponent 4: Training

Because of the importance of training in this microfinance initiative, we have included it as a separate activity, though it will be fully integrated with the MFI operational development activities in subcomponent one, above. Training activities are a critical counterpart to establishing and developing the MFI operations, as well as expanding the MFI's geographical coverage and developing and delivering each of the loan products.

Subcomponent 4: Tasks completed in the Eighth quarter, July 1 – September 30, 2004:

Task 4.3: Train head office staff in multiple branch management. Training for the head office staff in multiple branch management continued during this quarter. This included consolidation of branch data into a single weekly performance report to be used as both a management tool and for reporting to external donors.

Task 4.6: International training for SUMI managing director. From July 18 to August 6, 2004, the new SUMI managing director, Edward Lokule, attended and successfully completed a two-week comprehensive course in microfinance from Naropa University in Boulder, Colorado, USA.

Subcomponent 4: Tasks to be completed in the ninth quarter, October 1, – December 31 2004:

Task 4.1: Hire Staff for Rumbek Branch. Using local advertisements and a competitive selection process, staff will be hired for the Rumbek branch office. This will included all needed staff; branch manager, bookkeeper, loan officers, and office assistant.

Task 4.2. Train staff for Rumbek branch. Once hired, the new staff will be brought to the head office in Yei for training. New staff hired in other SUMI branches will join the training.

Task 4.3: Train SUMI managers. AEFP will organize the training of all the SUMI managers in credit and branch management during the ninth quarter.

C5. Subcomponent 5: Microfinance Policy and Regulation

As SUMI is setting up operations, SPLM policymakers have been developing a financial regulatory framework for South Sudan. A Financial Institutions Act, a Business Law, and an NGO Law have all been recently signed and put in place. It will be critical for the AEFP program to stay abreast of these policy developments and their implementation, especially as they will affect how the microfinance is or is not regulated. As possible, Sudan AEFP staff will provide guidance and resources to assist in the policy development process as it affects microfinance. The tasks for this subcomponent are necessarily broad, as the exact nature of the policy assistance will need to be agreed upon with the SPLM and USAID.

Subcomponent 5: Tasks completed in the Eighth quarter, July 1 – September 30 2004:

Task 5.1: Liaise with SPLM policymakers regarding microfinance policy. The AEFP chief of party and microfinance specialist continued to liaise with the relevant SPLM authorities regarding financial and micro financial policy in South Sudan. A mid-term review of the AEF program was conducted in September and the outcome will be shared at the stakeholders' workshop, planned for October 2004.

Task 5.2: Provide training and/or short-term policy expertise as needed. In support of the SPLM's policy implementation efforts, South Sudan AEFP will continue to provide training and/or short-term policy expertise, as requested by USAID and the SPLM.

At the request of USAID, AEFP coordinated the attachment of six proposed Bank of South Sudan staff to the bank of Uganda for two months from September to October 2004.

Subcomponent 5: Tasks to be completed in the Ninth quarter, October 1, – December 31 2004:

Task 5.1: Liaise with SPLM policymakers regarding microfinance policy. The AEFPP chief of party and microfinance specialist will continue to liaise with the relevant SPLM authorities regarding financial and micro-financial policy in South Sudan.

Task 5.2: Provide training and/or short-term policy expertise as needed. Finalize the Bank of South Sudan staff attachment with the bank of Uganda.

C6. Subcomponent 6: Program Management and Reporting

The third year will require a number of program management and reporting activities, as required in the Chemonics' contract and agreements made with the PSC and TTF. Activities in this subcomponent for the Eighth quarter are listed below.

Subcomponent 6: Tasks completed during the Eighth quarter, July 1 – September 30, 2004:

Task 6.1: Submit quarterly report. The quarterly report for the Seventh quarter, April 1 through June 30, 2004, was submitted to USAID and the TTF in August 24 2004.

Task 6.2. Submit year three work plan. The year three work plan was developed and submitted to USAID and the Technical Task Force in August 2004, and approved by the Program Steering Committee in September 2004.

Subcomponent 6: Tasks to be completed in the eighth quarter, October 1 – December 31, 2004:

Task 6.4. Conduct Stakeholders' workshop in microfinance. In October, the AEFPP team will facilitate a stakeholders' workshop discussing the future of microfinance in Southern Sudan. The recommendations in the IDP report and the AEFPP mid-term review will be used as a basis for the discussion.

D. Performance

Current status vs. expected end of contract results. Chemonics International is committed to establishing a self-sustaining microfinance institution (MFI) in Southern Sudan by the end of the 5-year contract in September 2007. Below, each project result is listed, followed by its current status:

Expected end of project results:

- \$3 million in outstanding loans by the end of the fifth year.

Current Status: By the end of September 2004, 1350 cumulative group loans had been issued as follows:

- 908 first loans
- 325 Second loans
- 99 third loans.
- 18 fourth loans.

Additionally 299 salary loans had been issued to employees of organizations based in Yei. The value of the cumulative disbursements amount to Ush. 445,912,400 (\$ 254,807), with an outstanding loan balance of Ush. 202,750,565 (\$ 115,857). Additionally, Ush. 42,113,664 million (\$24,065) had been collected in compulsory savings from 1,447 registered members as part of the group lending program. Among the intake to date, approximately 28 percent are women. (An average exchange rate of Ush. 1,750/\$1 has been used.)

- *100 percent operational sustainability, through complete coverage of operating costs of administration and expendable supplies.*

Current Status: The updated business plan projects 100 percent operational self-sustainability by September 2007. The updated business plan also uses 100 percent operational self-sustainability as a key milestone and indicator of success. The Yei branch was able to cover 150 percent of its September operating costs. The branch also covered 57 percent of its total branch operating costs to date. This index should increase sustainability index owing to loan increased portfolio from salary loans and bigger repeat loans.

- *At least three loan products available to clients by the end of the fifth year.*

Current Status: SUMI has two loan products that have been operational for at least one year – a group loan and salary guaranteed loan. Both products are functioning well in the market. Although the salary loan has only been tested in Yei.

To reach these results, Chemonics is also intent on assisting the new Sudanese MFI to meet the following operational and social development parameters:

- *50 percent of loans made to women*

Current Status: SUMI began registering clients in early September 2003. Of the 1,447 clients registered in three SUMI branches, about 28 percent are women. 1,148 clients are registered for the group loan product and 299 for salary loans in Yei only. The percentage of women clients dropped this quarter owing to a higher intake of men in Maridi and Yei salary clients that had 77% and 80% male clients respectively.

- *10 percent of loans made to reintegrated IDPs and returned refugees*

Current Status: From the client registration documents at the SUMI Yei branch as at 30 August 2004, percent of SUMI's group loan clients are returned IDPs and percent are returned refugees, which exceeds the projects target of 10 percent (integration of the salary loan products may change the overall percentages).

Annex A:
AEFP Year Two Work Plan Chart

Annex B:
Sudan Microfinance Institution (SUMI)
Client Stories



SIMON MAMO:

Simon Mamo is a veteran in the movement and runs a small business in Maridi town market. He started his business in 2003. The reason Simon and his group members joined SUMI was to enable them expand their business in order to increase their capital. He applied for his first loan in July 2004 and he anticipates borrowing his second loan in October 2004, since business has improved to the variety of goods he is now able to store. Currently he is content with the amount of loan SUMI is offering.

BEFORE EXPANSION



MARY OLIVER

Mary Oliver runs a tea business, at the agricultural open market in Maridi. Mary has a small table in the market where she places the tea and cold drinks. Mary started her business in 1999.

Mary and her five friends – all vendors at the market – join SUMI in August 2004 to expand their business. The group has already completed the 1st loan and is in the process of applying for the second loan (US\$ 300,000). The 1st loan has helped her increase her profits and expand her business. She is comfortable with the amounts currently being given by SUMI.

AFTER EXPANSION



Sudan Microfinance Institution (SUMI)
Maridi & Yambio Expansion Update

Maridi



Construction progress on the SUMI Maridi Branch. The anticipated completion date is October 2004.

Yambio



The Yambio branch construction was completed in September 2004, and SUMI will officially move in during the first week of October.

Annex C:

**SUMI Monitoring Form
&
Income Statement**

SUMI YEI BRANCH LOAN MONITORING REPORT

Report for the period Ended September 30, 2004

		Cumulative to Date		
A.	Client Intake & Group Formation			
		Female	Male	Total
1	Client Population last Quarter June 04	233	537	343
2	Clients Registered this Quarter	29	105	134
3	Net Number of Clients	204	432	636
4	Number of Groups Registered		-	127
B	Loan Status			
1	Number of loans Disbursed 1st Loans	192	374	566
2	Number of loans Disbursed 2nd Loans	139	177	316
3	Number of loans Disbursed 3rd Loans	26	73	99
4	Number of loans Disbursed 4th Loans	4	14	18
5	Number of Salary Loans disbursed	61	238	299
6	Cumulative Number of loans Disbursed	422	876	1298
7	Amount of Loans Disbursed 1st Loans	37,400,000	73,300,000	110,700,000
8	Amount of Loans Disbursed 2nd Loans	21,000,000	56,700,000	77,700,000
9	Amount of Loans Disbursed 3rd Loans	12,500,000	40,650,000	53,150,000
10	Amount of Loans Disbursed 4th Loans	750,000	11,400,000	12,150,000
11	Amount of Salary Loans disbursed	17,852,200	116,110,200	133,962,400
12	Cumulative value of loans Disbursed	89,502,200	298,160,200	387,662,400
13	Amount of Loan Repaid (P&I) - Group Loans	49,343,275	132,646,700	181,989,975
14	Amount of Loan Repaid (P&I) - Salary Loans	17,852,200	116,110,200	133,962,400
15	Cumulative Repayments (P&I)			315,952,375
16	Amount of Loans in Arrears	109,000	434,000	543,000
17	Number of loans in Arrears	8	4	12
18	Outstanding Amount (Loans in Arrears)	928,750	2,319,000	3,247,750
19	Amount of loan in Default	359,000	276,000	635,000
20	Number of Loans in Default	8	4	12
21	Outstanding Amount (Loans in Default)	448,000	279,000	727,000
22	Amount of Prepayment	1336,000	156,000	492,000
23	Outstanding Amount - Group Loans	22,306,725	49,403,300	71,710,025
24	Outstanding Amount - Salary Loans			900,582
25	Total Loan Portfolio			72,610,607
26	Portfolio at Risk (Rows 8+11/13+14)			5.47%
27	Repayment Rate - Qualitative			99.6%
28	Repayment Rate - Quantitative			99.8%
C.	Savings			
	Net Savings/Balance C/Fwd	6,692,050	15,944,000	22,636,050

SUMI MARIDI BRANCH LOAN MONITORING REPORT

Report for the period Ended September 30, 2004

		Cumulative to Date		
A.	Client Intake & Group Formation			
		Female	Male	Total
1	Client Population last Quarter June 04	0	0	0
2	Clients Registered this Quarter	60	203	263
3	Net Number of Clients	60	203	263
4	Number of Groups Registered			53
B	Loan Status			
1	Number of loans Disbursed 1st Loans	52	126	178
2	Number of loans Disbursed 2nd Loans	1	8	9
3	Number of loans Disbursed 3rd Loans			
4	Number of loans Disbursed 4th Loans			0
5	Number of Salary Loans disbursed			
6	Cumulative Number of loans Disbursed	53	134	187
7	Amount of Loans Disbursed 1st Loans	6,450,000	22,300,000	28,750,000
8	Amount of Loans Disbursed 2nd Loans	300,000	2,300,000	2,600,000
9	Amount of Loans Disbursed 3rd Loans			
10	Amount of Loans Disbursed 4th Loans			
11	Amount of Salary Loans disbursed			107,658,500
12	Cumulative value of loans Disbursed	6,750,000	24,600,000	31,350,000
13	Amount of Loan Repaid (P&I) - Group Loans	2,255,600	8,336,325	10,591,925
14	Amount of Loan Repaid (P&I) - Salary Loans			
15	Cumulative Repayments (P&I)			10,591,925
16	Amount of Loans in Arrears	21,000		21,000
17	Number of loans in Arrears	2	-	2
18	Outstanding Amount (Loans in Arrears)	287,000	0	287,000
19	Amount of loan in Default	-		
20	Number of Loans in Default	-		
21	Outstanding Amount (Loans in Default)	-		
22	Amount of Prepayment	1,050	797,050	798,100
23	Outstanding Amount - Group Loans			20,999,746
24	Outstanding Amount - Salary Loans			0
25	Total Loan Portfolio			20,999,746
26	Portfolio at Risk (Rows 8+11/13+14)			1.4%
27	Repayment Rate - Qualitative			99.7%
28	Repayment Rate - Quantitative			107.9%
C.	Savings			
	Net Savings/Balance C/Fwd	1,325,000	4,667,625	5,992,625

SUMI YAMBIO BRANCH LOAN MONITORING REPORT

Report for the period Ended September 30, 2004

		Cumulative to Date		
A.	Client Intake & Group Formation			
		Female	Male	Total
1	Client Population last Quarter June 04	0	0	0
2	Clients Registered this Quarter	80	169	249
3	Net Number of Clients	80	169	249
4	Number of Groups Registered		-	48
B	Loan Status			
1	Number of loans Disbursed 1st Loans	60	103	163
2	Number of loans Disbursed 2nd Loans	0	0	0
3	Number of loans Disbursed 3rd Loans	0	0	0
4	Number of loans Disbursed 4th Loans			0
5	Number of Salary Loans disbursed	0	0	0
6	Cumulative Number of loans Disbursed	60	103	163
7	Amount of Loans Disbursed 1st Loans	8,300,000	18,600,000	26,900,000
8	Amount of Loans Disbursed 2nd Loans	0	0	0
9	Amount of Loans Disbursed 3rd Loans	0	0	0
10	Amount of Loans Disbursed 4th Loans			
11	Amount of Salary Loans disbursed			107,658,500
12	Cumulative value of loans Disbursed	8,300,000	18,600,000	26,900,000
13	Amount of Loan Repaid (P&I) - Group Loans	1,501,900	3,773,200	5,275,100
14	Amount of Loan Repaid (P&I) - Salary Loans			0
15	Cumulative Repayments (P&I)			5,275,100
16	Amount of Loans in Arrears	28,000	0	28,000
17	Number of loans in Arrears	2	0	2
18	Outstanding Amount (Loans in Arrears)	-	0	313,000
19	Amount of loan in Default	-		
20	Number of Loans in Default	-		
21	Outstanding Amount (Loans in Default)	-		
22	Amount of Prepayment	114,500	494,000	608,500
23	Outstanding Amount - Group Loans	6,798,100	14,826,800	21,624,900
24	Outstanding Amount - Salary Loans			-
25	Total Loan Portfolio			22,233,400
26	Portfolio at Risk (Rows 8+11/13+14)			0.51%
27	Repayment Rate - Qualitative			99.9%
28	Repayment Rate - Quantitative			100.12%
C.	Savings			
	Net Savings/Balance C/Fwd	5,071,300	11,528,450	16,599,750

YEI BRANCH

INCOME STATEMENT FOR THE PERIOD ENDED 30th SEPTEMBER 2004.

	1 Totals 2003	2 B/Fwd YTD	3 September 2004	2+3 C/Fwd YTD	Cum T
1. FINANCIAL INCOME:					
<i>(Interest & Fees on Loans & Investments)</i>					
Interest from Loans	755,375	21,235,185	7,178,400	28,413,585	29
Registration/Membership Fees	430,000	822,000	134,000	956,000	1
Sale of Passbook	430,000	972,000	132,000	1,104,000	1
Loan Application Fees	477,000	4,896,782	888,000	5,784,782	6
Total Income	2,092,375	27,925,967	8,332,400	36,258,367	38
2. EXPENSES					
2.1. FINANCIAL COSTS:					
<i>Interest on Debt (including Savings)</i>	0				
<i>Loan Losses</i>	0				
2.2 OPERATING EXPENSES:					
Salaries	13,700,000	26,649,200	3,435,000	30,084,200	43
Office Rent	585,000	200,000	-	200,000	
Office Renovations	727,740	-	-	-	
Communication (Email, Telephone, Faxes)	-	5,160,011	-	5,160,011	5
Stationary	3,934,740	9,052,102	60,000	9,112,102	13
Meetings & Conferences	-	825,500	-	825,500	
Fuel & Service - Generator	354,000	1,062,400	113,300	1,175,700	1
Travel Expenses (Board & Staff)	350,000	280,000	50,000	330,000	
General Office Supplies	1,764,310	2,478,102	344,000	2,822,102	4
Fuel -Motor vehicle	41,000	1,234,800	54,000	1,288,800	1
Teas & Lunches	501,000	2,596,980	434,900	3,031,880	3
Misc. Expenses	59,090	1,685,990	138,000	1,823,990	1
Housing Allowance for Senior staff	500,000				
Depreciation					
Computers & Accessories	1,036,591	2,073,182	259,148	2,332,330	3
Generator	699,283	1,398,568	174,821	1,573,389	2
Safe	30,000	80,000	10,000	90,000	
Furniture	195,293	390,586	48,823	439,410	
Motor-cycle	-	528,000	132,000	660,000	
Bicycles	13,959	112,400	15,800	128,200	
Satellite Internet Modem	164,569	658,275	82,284	740,559	
Digital Camera	99,333	198,667	24,833	223,500	
Photocopying Machine		366,667	45,833	412,500	
Total Costs	24,755,908	57,031,430	5,422,743	62,454,174	87
NET INCOME FROM OPERATIONS	(22,663,533)	(29,105,463)	2,909,657	(26,195,807)	(48)
Operational Self Sufficiency	8%	49%	154%	58%	

Yambio Branch

Income Statement as at the end of sept 2004

	1	2	3
	B/Fwd YTD	September 2004	C/Fwd YTD
1. FINANCIAL INCOME:			
<i>(Interest & Fees on Loans & Investments)</i>			
Interest from Loans	114,375	616,875	731,250
Registration/Membership Fees	383,000	88,000	471,000
Sale of Passbook	383,000	88,000	471,000
Loan Application Fees	299,500	182,000	481,500
Total Income	1,179,875	974,875	2,154,750
2. EXPENSES			
2.1. FINANCIAL COSTS:			
<i>Interest on Debt (including Savings)</i>			
<i>Loan Losses</i>			
2.2 OPERATING EXPENSES:			
Salaries	8,439,500	2,785,000	11,224,500
Medical expenses	39,000	41,200	80,200
Office Rent	706,240		706,240
Communication (Email, Telephone, Faxes)	178,400	5,000	183,400
Stationary	1,820,476		1,820,476
Meetings & Conferences	150,000		150,000
Generator/motorcycle fuel	308,000	130,400	438,400
Travel Expenses (Board & Staff)	70,000	85,000	155,000
General Office Supplies	493,214	76,000	569,214
Teas & Lunches	720,000	50,000	770,000
Misc. Expenses	628,704	10,000	638,704
Bicycles Repaired	17,000	9,500	26,500
Housing Allowance for Senior staff	17,000	9,500	26,500
Depreciation			
Desks	49,598	16,533	66,130
Chairs	29,771	9,924	39,694
Filing cabinets	46,352	15,451	61,803
Computers	427,500	142,500	570,000
Computer Accessories	64,505	21,502	86,007
Printer	179,250	59,750	239,000
Satellite Internet Modem	174,780	87,390	262,170
Digital Camera	22,500	22,500	45,000
Bicycles	39,038	13,013	52,050
Generator (Including installation)	91,920	91,920	183,840
Safe	34,830	11,610	46,440
Motor Cycle	307,206	102,402	409,608
Photocopier	128,346	42,782	171,128
Total Costs	15,183,129	3,838,875	19,022,004
NET INCOME FROM OPERATIONS	(14,003,254)	(2,864,000)	(16,867,254)
Sustainability Index	8%	25%	11%

MARIDI BRANCH			
Income Statement for the period Ended September 2004			
	1 B/Fwd YTD	2 Sept.2004 2004	1+2 C/Fwd YTD
1. FINANCIAL INCOME:			
<i>(Interest & Fees on Loans & Investments)</i>			
Interest from Loans	388.750	969.325	1,358.075
Registration/Membership Fees	480.000	58.000	538.000
Sale of Passbook	490.000	58.000	548.000
Loan Application Fees	485.000	248.000	733.000
Total Income	1,843,750	1,333,325	3,177,075
2. EXPENSES			
2.1. FINANCIAL COSTS:			
<i>Interest on Debt (including Savings)</i>	0		
<i>Loan Losses</i>	0		
2.2 OPERATING EXPENSES:			
Salaries	7,110.000	2,360.000	9,470.000
Office Rent	130.000	130.000	260.000
Communication (Email, Telephone, Faxes)	164.000		164.000
Stationary	1,998,476	161.000	2,159,476
Meetings & Conferences	177,600		177,600
Fuel & Service - Generator	865,300		865,300
Travel Expenses (Board & Staff)	156,000		156,000
Medical	82.000	8,400	90,400
Bicycle Repair & Maintanace			-
General Office Supplies	906.000	119.700	1,025.700
Fuel -Motor Bike & maintanance	87,500		87,500
Teas & Lunches	587.400	269.700	857,100
Misc. Expenses	80,322	-	80,322
Depreciation			
Desks			
Chairs	12.262	6.131	18.393
Bookshelves	18.392	9.196	27,588
Filing cabinets	11.610	5.805	17,415
Computers	285.000	142.500	427,500
Computer Accessories	43.004	21.502	64,505
Printer	119.500	59.750	179,250
Satellite Internet Modem	174.780	87.390	262,170
Digital Camera	49.667	24.833	74,500
Bicycles	7.783	3.892	11,675
Generator (Including installation)	127,224	63,612	190,836
Safe	23,220	11,610	34,830
Motor Cycle	204,937	102,469	307,406
Photocopier	85,564	42,782	128,346
Total Costs	13,507,540.47	3,630,271	17,137,812
NET INCOME FROM OPERATIONS	(11,663,790)	(2,296,946)	(13,960,737)
Sustainability Index	14%	37%	19%

